

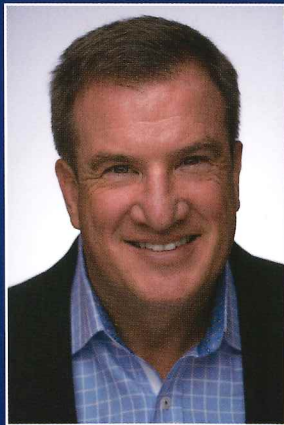


# 10-Point Plan FOR HOUSING ATTAINABILITY

2018 MBA Legislative Agenda

9. IMPLEMENT SB 5254	10. IMPLEMENT HART RECOMMENDATIONS
7. FEE SIMPLE TOWNHOUSE CODES	8. MINIMUM SINGLE-FAMILY RESIDENCE REQUIREMENT
5. SIMPLE MAJORITY FOR SCHOOL BOND MEASURES	6. CONDOMINIUM LIABILITY REFORM
3. IMPLEMENT VESTING OF LOCAL PERMITS	4. MINIMUM NET URBAN DENSITY
1. SHORT PLATS	2. MODIFY COMPLETENESS REVIEW CODE





**MIKE WALSH**  
2017 PRESIDENT



**ERICH ARMBRUSTER**  
2018 PRESIDENT



Recognizing that our region is facing a significant affordable housing crisis, we believe it's time for us to come together to implement a bold legislative agenda that helps ensure housing opportunities for all. Despite efforts to address this issue, the demand for housing has continued to significantly outpace supply, making housing increasingly more out of reach for families and workers, especially near job centers.

Following is our Association's 10-point action plan to help provide attainable housing for our growing population. The plan contains a mix of solutions designed to increase housing supply and practical process improvements that will eliminate unnecessary and costly hurdles to new home construction, without compromising environmental protections. Some require state legislative action and others can be implemented locally.

In the year ahead, the MBA will be advocating for these changes. We invite you to join us in helping to advance housing attainability solutions.



➤ **MORE INFO**

For more information, or to contact our advocacy team at MBAKS, visit [mbaks.com/advocacy](http://mbaks.com/advocacy).



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# Short Plats

Change urban standard to 9 with local option for 30

The State Environmental Policy Act (SEPA) gives local governments the option to allow some minor construction projects to be exempt from SEPA, depending on their size and scale.

A short plat approval is administrative and does not require SEPA review. Currently, short subdivisions are four or fewer lots, but local jurisdictions have the option to go up to nine lots in urban growth areas (UGAs), as many have already done.

**The MBA supports changing the urban standard for short plats to nine lots in UGAs with a local option to allow short plats to go up to 30 lots.**

Currently, many multifamily projects are administrative like a short plat and SEPA allows up to 60 condos or apartment units without SEPA review. Under the proposal, short plats would remain at four lots in rural areas.

This change would save builders substantial time and money associated with the SEPA process without compromising environmental protections, and local government would save the resources associated with review. Since SEPA exemptions were put in place in 1984, local governments have added numerous regulations that insure impacts are mitigated. Also, these projects would still require public notice and provide an opportunity to appeal.



## ➤ BENEFIT

Changing the urban standard for short plats to nine lots in UGAs with a local option to allow short plats to go up to 30 lots would make housing more attainable near job centers by easing a costly and unnecessary regulatory burden on new housing construction in urban areas. This would eliminate duplication and additional reviews, which are time-consuming, costly, and provide little added value.

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# Modify Completeness Review Code

Eliminate the 28-day completeness review and the 14-day re-review

**The MBA supports modifying the Local Project Review Act to eliminate the 28-day completeness review and the 14-day re-review for a determination of consistency.**

This is an unnecessary step which can add weeks, if not months, to a permit application process without adding any corresponding value.

This proposal refers only to the procedural completeness determination and would have no impact on other existing permit requirements. The proposal would create a 10-day completeness window for projects submitted online or without an appointment, giving city/county staff time to evaluate the application for procedural completeness.

Currently, a jurisdiction can require a submittal appointment (which can take weeks to set up), accept the application during the submittal appointment, wait 28 days, and then send a letter stating the application is procedurally incomplete. Local governments then have another 14 days after required information is re-submitted. This means that they haven't even reviewed the application, only deemed that the applicant is missing required elements for the application to be deemed procedurally

complete for processing. The applicant then must submit additional application materials, get back in the review queue, and upon a complete application staff then performs a first review.

There is no value in this extra time if the city/county reviews your application at a required submittal appointment to make sure you have all the necessary application materials. If applicants are required to set up a submittal appointment and meet with city/county staff, then staff should be able to make the procedural completeness determination during the submittal appointment. Many cities and counties already make the completeness determination at submittal, but others don't. Making a completeness determination at submittal does not bar local governments from asking for additional information needed to process an application.

Cities and counties would be protected because nothing requires them to take in your application if it is procedurally incomplete. Further, by accepting the application, they aren't saying you meet the code, only that you have met the procedural test for completeness (everything on the checklist is in the submittal). This proposal would not only save weeks and months from a permit process, it would also save jurisdictions time and resources by not having to generate letters stating an application is incomplete or complete.

## ➤ BENEFIT

Modifying the Local Project Review Act in this way would make housing more attainable by eliminating an expensive and unnecessary step in the permit process, thereby alleviating a significant cost pressure on new home construction. It would also make the permit process more predictable.

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# Implement Vesting of Local Permits

Local jurisdictions adopt vesting of local permits, similar to Snohomish County action

Washington’s vested rights doctrine gives property owners/developers the right to develop properties according to the land use laws and ordinances in place when they submit a complete permit application. In recent years, there have been several court rulings related to vested rights that have created a climate of uncertainty and confusion, thereby limiting the effectiveness of the vested rights doctrine. Unfortunately, Washington’s vested rights doctrine has been deeply eroded, to the detriment of housing affordability and availability.

The MBA has worked with the Legislature to clarify and codify certain vesting periods for land use and building permits to ensure a clearer and more consistent application of the common law doctrine. We have advocated for the Legislature to either adopt language to codify the common law vested rights doctrine or codify that vesting on specific land use and building permits takes place at the time of completed permit application.

In the absence of a legislative solution on vesting, the MBA is asking local jurisdictions to adopt vesting of local permits, similar to action taken by Snohomish County.

A renewed focus on local permits would clarify that a valid and fully complete building permit application for a structure vests to the zoning and other land use control ordinances in effect on the date of complete application. This includes land use control ordinances enacted to comply with state law. The same applies to applications for preliminary plat approval of a subdivision or short plat approval of the short subdivision.

**➤ BENEFIT**  
Codifying vesting of local permits would make housing more attainable because it provides the predictability and certainty needed for new housing projects to move forward. Without the certainty and protection vesting provides, changes in land use regulations could suddenly and unexpectedly make it infeasible to move forward with planned projects.

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# Minimum Net Urban Density

Establish up to 6 units per acre as minimum urban net density standard

To make housing more attainable in the Puget Sound region, it is critical that our cities meet the Growth Management Act (GMA) goal of creating new housing near employment centers. Cities must do their part to up-zone within their borders to achieve minimum net urban densities and accommodate new growth. It is incumbent on us to help cities focus on the importance of accepting their share of the region's housing needs and support policies that encourage urban density.

**The MBA supports modifying the GMA to require minimum densities of up to six dwelling units per acre in urban growth areas (UGAs).** If we want affordable housing and to contain growth within existing UGAs, then we must allow that growth to occur. To the extent we fail to accommodate growth and meet the demand for housing, this will only place added pressure on housing costs and drive families and workers farther away from job centers to find housing they can afford.

The GMA requires growth to be directed to urban areas, but many cities resist new growth and make it exceedingly difficult to provide new housing. In many cases, local governments are acting in response to those opposed to growth. This "Not-In-My-Back-Yard" dynamic negatively impacts our region's ability to accommodate growth and provide an adequate supply of housing.

In addition to establishing a minimum urban density standard, local jurisdictions must be more vigilant in removing overly burdensome regulations and unreasonable permit timelines that frustrate urban growth from being achieved. This includes resisting efforts by some cities to increase minimum lot sizes and institute unnecessary building moratoriums.

Specifically, the MBA supports amending the GMA to require Puget Sound Regional Council cities to establish a minimum density of up to six dwelling units per acre in residential zones in their future comprehensive plan updates.

## ➤ BENEFIT

Establishing a minimum urban net density standard would make housing more attainable because it would encourage more density and housing supply in the areas where it's needed most, near job centers. This is a key step toward creating a healthy, sustainable balance between housing supply and demand.



# Simple Majority for School Bond Measures

## Change from super-majority to simple majority

Funds raised through local school district bonds help pay for much-needed capital improvements, such as repairs, maintenance, and construction of schools. School bonds account for significant portions of a district's budget, ranging from 50-100 percent.

Currently, a supermajority of 60 percent is required to pass school bonds in the state of Washington. These votes are often hard to pass, and it is not unusual to see bond votes fail with 57 percent, 58 percent or even 59 percent of the vote of the people.

School levies, which are used to help the general fund and keep school districts operating, previously required 60 percent to pass as well. However, the legislature changed the approval threshold for levies to a simple majority in 2008. It is time to do the same for school bond measures.

**The MBA supports changing the approval threshold for school bond measures from 60 percent to a simple majority.** More school districts in Washington could pass bond measures for much-needed buildings and facilities if the Legislature were to make this change. It would also reduce the need to charge expensive school impact fees on new construction, which only adds to the cost of new housing.



Unlike school bonds, which are broad-based, impact fees are not a reliable funding source and only pay for a small fraction of what is needed.

A simple majority for bonds makes sense, especially given the state's new mandate to reduce class size and our state's growing student population. Washington's student enrollment stood at 1.1 million as of October 2016, according to the state's Office of Superintendent of Public Instruction. It is projected to grow by another 100,000 students by 2022.

### ➤ BENEFIT

Changing the approval threshold for school bond measures would help make housing more attainable by reducing the need to fall back on costly impact fees that only serve to drive up housing costs.



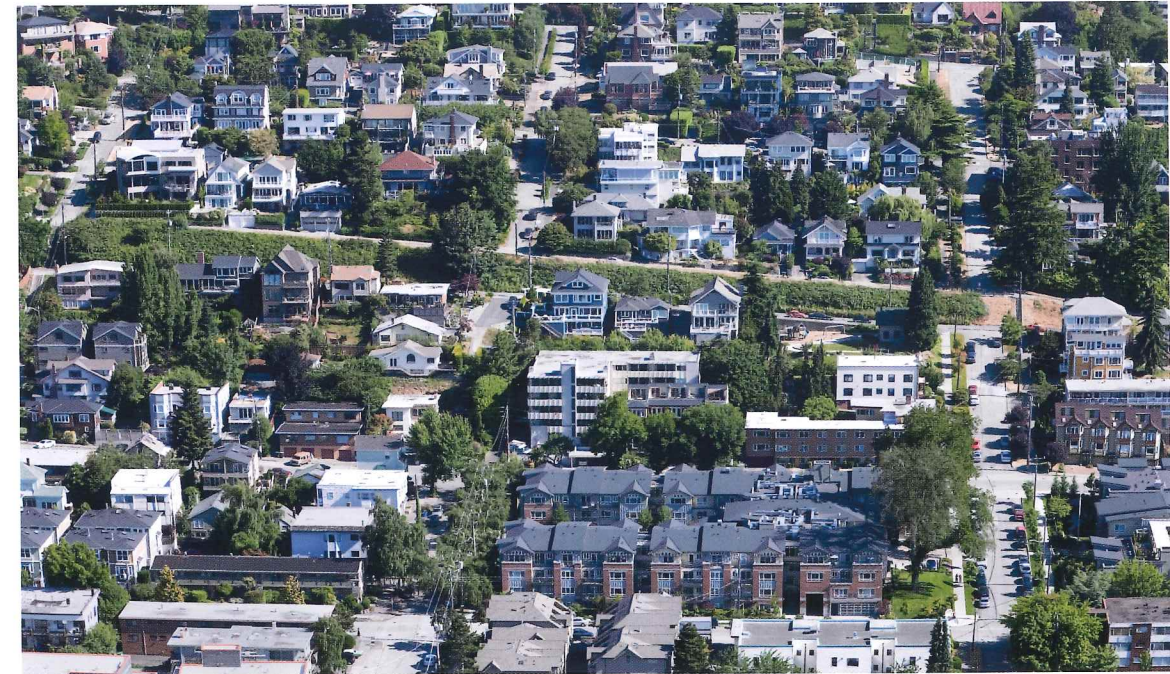
# Condominium Liability Reform

## Implement Runstad recommendations

The current regulatory environment for condominium construction in Washington state places significant liability on builders, making it prohibitively costly to bring this housing product to market at an affordable price point. The MBA supports lowering regulatory costs associated with building affordable condos without public subsidy. The Runstad Center for Real Estate Studies report, "Incentivizing Condominium Development in Washington State: A Market and Legal Analysis," suggests specific ways we could lower the perceived risk and uncertainty imposed by the Washington State Condominium Act. These suggestions deserve careful review.

Legislation introduced in 2017 would implement several of the report's recommendations. Specifically, SB 5428 would:

- Define construction defect as a defect that presents an unreasonable risk of injury or is not completed in a good and workmanlike manner and proximately causes physical damage to the property.
- Restrict the board of directors of a condominium from participating in litigation without approval from the unit owners.



- Require the plaintiff to show that the breach caused or is likely to cause actual damage and the damages must be material in actions for breach of an implied warranty.
- Require mandatory binding arbitration for construction defect disputes regarding multiple residential units.

### ➤ BENEFIT

Enacting condominium liability reform would create more supply by removing obstacles to constructing this affordable housing type. More supply makes housing more attainable.



# Fee Simple Townhouse Codes

Implement in all local jurisdictions

**The MBA supports allowing for fee simple, unit lot subdivision of attached homes and is asking local jurisdictions to adopt fee simple townhouse codes.**

Fee-simple is an ownership style. Whereas with condos, you own the space within the unit, with fee simple, you own the lot on which the home sits. These multifamily homes (typically townhomes) are subdivided. This is also known as zero-lot-line, or unit lot subdivision.

The primary benefit of fee simple is that this ownership type makes it easier for buyers and builders alike to obtain financing from banks and acquire insurance. Lending requirements from banks make the traditional condo-style of ownership more costly and difficult to obtain. Insurance can also be costlier, so by changing the ownership type to fee simple, you make it easier to build, buy, and sell these homes.

Adopting a fee simple code does not change the appearance of these homes in any way, nor does it change the underlying zoning or increase density beyond what is already zoned. Several local jurisdictions have already acted to allow fee simple ownership of unit lot subdivisions.



## ➤ BENEFITS

Broadly implementing unit lot subdivision would make housing more attainable by removing a hurdle to homeownership, particularly a more affordable housing type. This change would also make it easier for owners to refinance and/or sell their homes and allow families to enjoy the benefits of ownership.



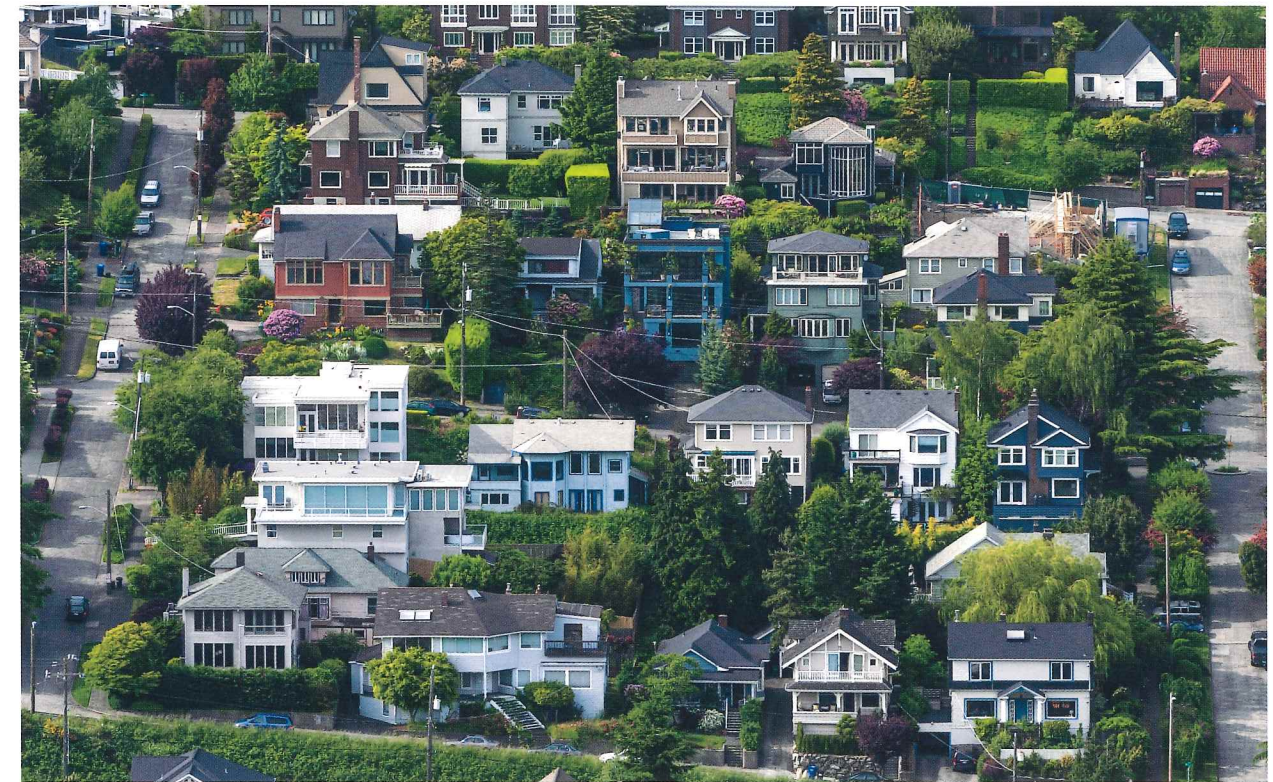
# Minimum Single-Family Residence Requirement

Require comprehensive plans to specify a detached single-family residence target

**The MBA supports the adoption of a minimum detached single-family residence requirement.**

At present, comprehensive plans are not required to enumerate their single-family goals. However, we know that a significant portion of the home buying market demands this housing choice. By planning for a reasonable number of detached single-family units, jurisdictions will be better equipped to meet that demand.

Our regional planning efforts must recognize the fact that the market still demands additional construction of a variety of housing types, from dense mixed-use developments to single-family neighborhoods. While everyone can and should support urban density, without urban housing options that offer even a second bedroom at an affordable price point, the typical family has no choice but to seek out alternatives. Ultimately, there is a point where a growth plan must be aligned with market realities.



## ➤ BENEFIT

A minimum detached single-family residence requirement would make housing more attainable by encouraging local jurisdictions to plan for a housing type a significant portion of the home buying market demands.



# Implement SB 5254

The MBA supports successful implementation of SB 5254, which includes creating a path forward for developing a reasonable land market supply factor. With this new methodology and process by which buildable lands will be assessed, we must ensure that land designated for growth has the greatest chance to be developed in the proceeding 20 years.

On July 6, 2017, Governor Jay Inslee signed into law SB 5254, which, among other things, will improve the methodology and process by which buildable lands are assessed under the Growth Management Act. The new law changes the way cities and counties participating in the buildable lands program determine lands suitable for development during the 20-year planning period.

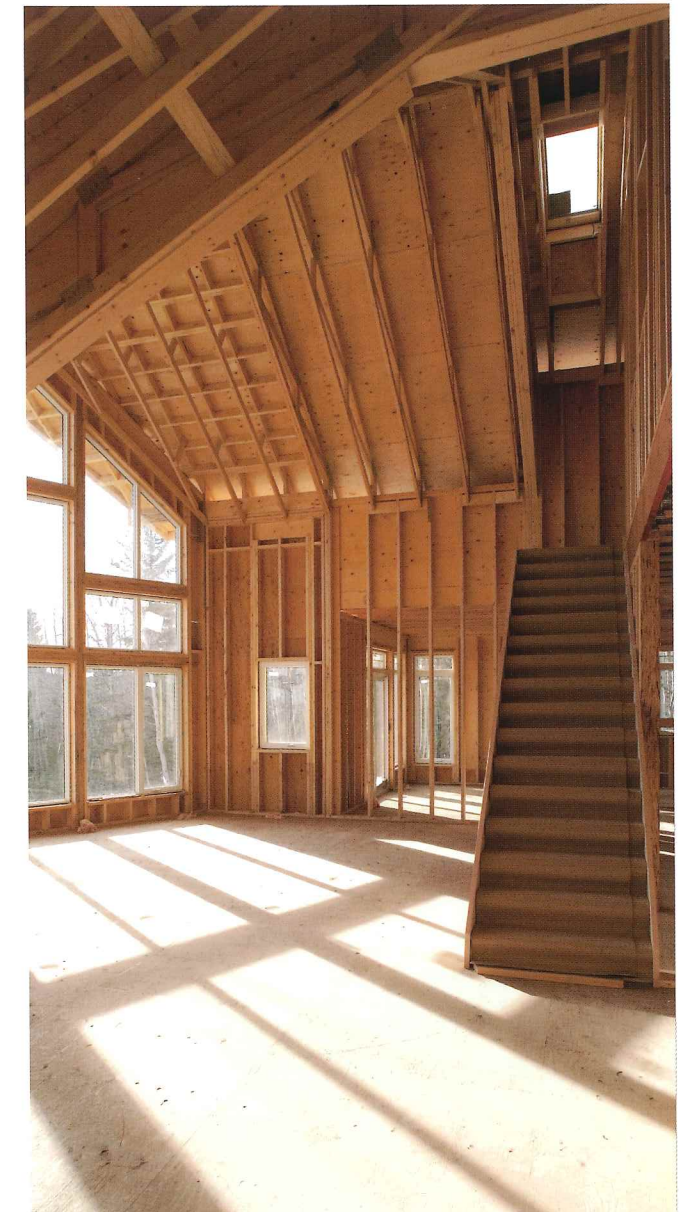
The zoned capacity of land is no longer a sufficient standard. The evaluation must include land use or zoning regulations, environmental regulations impacting development, other regulations that might inhibit the ability of cities or counties to meet their assigned densities, as well as infrastructure gaps such as transportation, water, and sewer.

Local governments must also develop a reasonable land market supply factor that identifies reductions in land suitable for development and redevelopment, and counties must develop reasonable measures as a component of their buildable lands programs.

Under the new law, the state Department of Commerce must provide guidance on local buildable lands programs by December 1, 2018, and it must contain a variety of recommendations on matters such as how to increase the accuracy of buildable lands reports, an evaluation of whether existing zoning and land use regulations promote or hinder affordable housing goals, and more. The guidance should help determine how we can continue to make the reasonable measures program a better tool in evaluating growth in our region.

## ➤ BENEFIT

Successful implementation of SB 5254 will make housing more attainable by establishing a more realistic process by which buildable lands are assessed and clarifying the steps needed to increase housing supply.





# Implement Housing Affordability Response Team Recommendations

The MBA supports successful implementation of the Housing Affordability Response Team (HART) recommendations.

Last January, Governor Jay Inslee directed the Affordable Housing Advisory Board (AHAB) to convene a work group to develop recommendations on how to address the root causes of the lack of affordable housing in our state. In response, AHAB formed HART, an interdisciplinary team of housing experts who came together to study the issues and identify practical solutions. The MBA participated in HART, which met six times throughout March, April, and May. The group considered long-term study actions needed to improve housing supply and housing affordability, as well as short-term actions and policy recommendations to assist Governor Inslee in the development of 2018 housing-related legislative priorities.

Many items the MBA suggested were added to the final report, including support for creating more accountability for city and county planning under the Growth Management Act in meeting growth targets and funding for more robust buildable lands reports, among others.



## ➤ BENEFIT

Successful implementation of HART Recommendations will make housing more attainable by advancing multiple solutions aimed at improving housing supply and housing affordability in Washington.



Founded in 1909, the Master Builders Association of King and Snohomish Counties (MBAKS) has grown to become the largest residential home builders association in the United States. With 2,900 member companies, the Association is dedicated to membership value, housing advocacy, community service, and financial stewardship throughout the Puget Sound region.

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MBAKS FOURTH ANNUAL

# Housing Summit

**Meydenbauer  
Convention Center  
Bellevue, WA**

October 17, 2017



## HOUSING ATTAINABILITY SOLUTIONS

*An action plan to increase housing  
attainability in our region.*



**MASTER BUILDERS  
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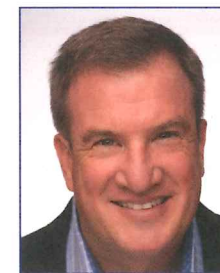


# AGENDA

8:30–8:45 a.m.	<b>Introductory Remarks</b> Mike Walsh, MBAKS President
8:45–9 a.m.	Pat Cashman, Emcee
9–9:40 a.m.	Elliot Eisenberg, Economist
9:40–10 a.m.	<b>Implement HART Recommendations</b> Brian Bonlender, Washington State Department of Commerce
10–10:15 a.m.	Intermission
10:15–10:30 a.m.	<b>Short Plat Changes–Raise to 30 (Local Option), Modify Completeness Review Code, Minimum Single-Family Residence Requirement</b> Clay White, LDC Inc.
10:30–10:45 a.m.	<b>Condominium Reform</b> Gail Luxenberg, Habitat for Humanity Seattle-King County
10:45–11 a.m.	<b>Fee Simple Townhouse Codes (Local Implementation), Local Vesting Implementation</b> Jon Nehring, Mayor of Marysville
11–11:15 a.m.	<b>Minimum Urban Density, Simple Majority for School Bonds, Implement SB 5254</b> Joe Fitzgibbon, State Representative
11:15–11:30 a.m.	<b>Closing Remarks</b> Nick Harper, MBAKS Senior Director of Strategy & Policy



**Emcee**  
**Pat Cashman**  
Local Radio & TV Personality



**2017 Board President**  
**Mike Walsh**  
Terrene Homes

## Speakers



**Elliot Eisenberg**  
Nationally Renowned Economist



**Clay White**  
Principal Planner, LDC Inc.



**Gail Luxenberg**  
Executive Director, Habitat for Humanity Seattle-King County



**Brian Bonlender**  
Agency Director, Washington State Department of Commerce



**Joe Fitzgibbon**  
Representative, 34th District

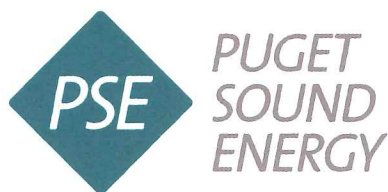


**Jon Nehring**  
Mayor of Marysville



# Thank You

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